

LOAN AGREEMENT

by and between

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

AND

SPALDING UNIVERSITY, INC.,
a Kentucky nonprofit corporation

Dated as of May 1, 2008

\$13,500,000

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
VARIABLE RATE DEMAND ECONOMIC DEVELOPMENT
REVENUE BONDS, SERIES 2008
(SPALDING UNIVERSITY, INC. PROJECT)

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I. DEFINITIONS AND EXHIBIT	3
Section 1.1. Definitions.....	3
Section 1.2. Exhibits	5
ARTICLE II. REPRESENTATIONS AND COVENANTS	6
Section 2.1. Representations and Covenants of Issuer	6
Section 2.2. Representations and Covenants of Borrower.....	6
Section 2.3. Voidable Preferences	8
ARTICLE III. ACQUISITION, CONSTRUCTION, EXPANSION, RENOVATION AND EQUIPPING OF PROJECT.....	9
Section 3.1. Agreement to Acquire, Construct, Expand, Renovate and Equip the Project; Title	9
Section 3.2. Agreement to Issue Bonds; Application of Bond Proceeds.....	9
Section 3.3. Disbursements from Construction Fund.	9
Section 3.4. Establishment of Completion Date	11
Section 3.5. Obligation of Parties to Cooperate in Furnishing Documents; Trustee Reliance	12
Section 3.6. Borrower Required to Pay Costs in Event Construction Fund Insufficient.....	12
ARTICLE IV. THE LOAN	13
Section 4.1. Payment Obligations of Borrower.	13
Section 4.2. Additional Payment Obligations of Borrower.	15
Section 4.3. Credit Facility; Alternate Credit Facility.	16
Section 4.4. Administrative Expenses.	17
Section 4.5. Obligations of Borrower Hereunder Unconditional; Certain Payments Assigned	18
Section 4.6. Issuance of Substitute Note.....	19
ARTICLE V. CONCERNING THE PROJECT	20
Section 5.1. Operation of Project.....	20
Section 5.2. Modification of Project	20
Section 5.3. Insurance; Condemnation Awards	20
Section 5.4. No Warranty by Issuer	20
ARTICLE VI. SPECIAL COVENANTS	21
Section 6.1. Compliance with Tax Certificate	21
Section 6.2. Access to Project.....	21
Section 6.3. Indemnification Covenants	21
Section 6.4. Tax-Exempt Status of Bonds.	23
Section 6.5. Borrower to Maintain Existence; Consolidation or Merger.	24
Section 6.6. Financial Statements	25
Section 6.7. [Reserved].....	26

Section 6.8.	Recording and Maintenance of Liens.	26
ARTICLE VII.	ASSIGNMENTS AND AMENDMENTS	27
Section 7.1.	Assignment by Issuer.....	27
Section 7.2.	Transfer of Financed Properties.....	27
Section 7.3.	Amendment of Agreement.....	27
ARTICLE VIII.	EVENTS OF DEFAULT AND REMEDIES	28
Section 8.1.	Events of Default Defined	28
Section 8.2.	Remedies on Default.....	28
Section 8.3.	No Remedy Exclusive.....	29
Section 8.4.	Agreement to Pay Attorneys' Fees and Expenses	29
Section 8.5.	Waivers; No Additional Waiver Implied by One Waiver.	29
Section 8.6.	Trustee to Exercise Issuer's Rights.....	29
ARTICLE IX.	PREPAYMENTS	31
Section 9.1.	Option to Prepay in Whole or in Part During Daily Rate Period or Weekly Rate Period.....	31
Section 9.2.	Option to Prepay in Whole Upon Occurrence of Certain Events During Adjustable Rate Period or Fixed Rate Period.....	31
Section 9.3.	Option to Prepay in Whole or in Part During Adjustable Rate Period or Fixed Rate Period.....	32
Section 9.4.	Miscellaneous Provisions Governing Prepayments.....	32
ARTICLE X.	MISCELLANEOUS PROVISIONS	34
Section 10.1.	Notices	34
Section 10.2.	Binding Effect.....	35
Section 10.3.	Severability	35
Section 10.4.	Further Assurances and Corrective Instruments	35
Section 10.5.	Execution in Counterparts.....	35
Section 10.6.	Applicable Law	35
Section 10.7.	Authorized Borrower Representatives and Authorized Officers	35
Section 10.8.	References to Tender Agent.....	35
Section 10.9.	Captions	36
Section 10.10.	Limited Obligation of Issuer.....	36
Section 10.11.	No Recourse Against the Issuer.....	36
Section 10.12.	Indemnification of and Fees and Expenses of the Issuer and the Trustee	36
Section 10.13.	Indenture Provisions	36
Section 10.14.	Default by Issuer-Limited Liability	37

LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of May 1, 2008, between the LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT, a consolidated local government and political subdivision existing under the laws of the Commonwealth of Kentucky (the "Issuer"), and the SPALDING UNIVERSITY, INC., a Kentucky nonprofit corporation (the "Borrower"),

WITNESSETH:

WHEREAS, pursuant to the provisions of Chapter 103 of the Kentucky Revised Statutes, in order to promote the welfare of the people of the Commonwealth of Kentucky, promote conversion to a peacetime economy, relieve conditions of unemployment, aid in the rehabilitation of returning veterans, encourage the increase of industry in the Commonwealth of Kentucky, promote the economic welfare of the people of the Issuer, create or preserve jobs and employment opportunities and assist in the development of industrial activities to the benefit of the people of the Issuer, the Issuer may issue industrial building revenue bonds to provide funds to pay all or a portion of the costs of acquiring, constructing, installing and equipping the Project, as defined herein; and

WHEREAS, the Issuer has found and determined, and does hereby find and determine, that the acquisition, construction, expansion and equipping of the real and personal property comprising the Project by the Borrower has and will promote the welfare of the people of the Commonwealth of Kentucky, promote conversion to a peacetime economy, relieve conditions of unemployment, aid in the rehabilitation of returning veterans, encourage the increase of industry in the Commonwealth of Kentucky, promote the economic welfare of the people of the Issuer, create or preserve jobs and employment opportunities and assist in the development of industrial activities to the benefit of the people of the Issuer, and that the Issuer, by financing of all or a portion of the costs to (a) redeem and retire the outstanding City of Shively, Kentucky Variable Rate Demand Educational Revenue Bonds, Series 2003, (b) refinance the purchase of the Breckinridge Building and finance a portion of the costs of renovating, improving and equipping such building for use by the Borrower, (c) renovate, expand and improve existing structures or purchase equipment consistent with the Borrower's Campus Master Plan and (d) pay the costs of issuance of the Bonds, to meet the current needs of the Borrower, will be acting in a manner consistent with and in furtherance of the provisions of the Constitution and laws of the Commonwealth of Kentucky (particularly Chapter 103 of the Kentucky Revised Statutes); and

WHEREAS, the Borrower has agreed to make payments pursuant to this Agreement sufficient in the aggregate to pay fully when due the principal of, premium, if any, and interest on the Bonds, the purchase price of Bonds tendered for purchase, and related expenses; and

WHEREAS, the Borrower's repayment obligations on the Bonds will be evidenced by the Note (as hereinafter defined); and

WHEREAS, the execution and delivery of this Agreement and the Indenture (as hereinafter defined), the acceptance of the Note and the issuance of the Bonds under the Act,

have been in all respects duly and validly authorized by a resolution of the Issuer, duly adopted and approved; and

WHEREAS, the Issuer and the Borrower desire to enter into this Agreement to set forth the terms and conditions upon which the Issuer will make the Loan, as hereinafter defined, for the purpose of financing a portion of the costs of the acquisition, construction, installation and equipping of the Project and the financing of various costs incidental to the financing;

NOW, THEREFORE, in consideration of the above premises and of the mutual covenants hereinafter contained, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I.

DEFINITIONS AND EXHIBIT

Section 1.1. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.1 shall, for all purposes of this Agreement, have the meanings herein specified. Any capitalized term used but not defined herein shall bear the meaning ascribed to such term in the Indenture.

“*Accountant*” or “*Accountants*” means a firm of recognized independent certified public accountants selected by the Borrower and not objected to by the Trustee.

“*Act*” means Chapter 103 of the Kentucky Revised Statutes.

“*Agreement*” or “*Loan Agreement*” means this Loan Agreement, including all amendments hereof and supplements hereto.

“*Authorized Borrower Representative*” means the person designated at the time pursuant to the Loan Agreement to act on behalf of the Borrower.

“*Authorized Officer*” means, with respect to the Issuer, any of the Mayor or Deputy Mayor of the Issuer and the Clerk or Deputy Clerk of the Metro Council.

“*Bond Ordinance*” means the ordinance adopted by the Issuer on May __, 2008, authorizing the issuance, delivery and sale of the Bonds.

“*Bond Year*” means the initial period beginning on the date of issuance of the Bonds and ending on _____ 1, 2009, and thereafter each one year period ending on _____ 1, or, if earlier, the day on which all outstanding Bonds are retired.

“*Bonds*” means the \$13,500,000 aggregate principal amount of the Issuer’s Variable Rate Demand Industrial Building Revenue Bonds, Series 2008 (Spalding University, Inc. Project). (If the Bonds are held in a book-entry only system, any reference to the Bonds shall, if it is appropriate in the context in which the term is used, be a reference to the beneficial ownership interests in the Bonds.)

“*Closing Date*” means the date the Bonds are delivered to the original purchasers thereof against payment therefor pursuant to the Bond Purchase Agreement.

“*Completion Date*” means the date of completion of the acquisition, construction, installation and equipping of the Financed Properties, as that date shall be certified as provided in Section 3.4 hereof.

“*Construction Period*” means the period between the beginning of the acquisition, construction, installation and equipping of the Project, or the date on which Bonds are first delivered to the purchasers thereof, whichever is earlier, and the Completion Date.

“Cost of the Project” or *“Costs of the Project”* means any cost incurred with respect to the Project and eligible under the Act to be paid from proceeds of the Bonds.

“Costs of Issuance” means (a) payment of all reasonable costs incurred by the Borrower in connection with the issuance of the Bonds including, but not limited to, legal and accounting fees and expenses, printing expenses, financial consultants’ fees, financing charges (including underwriting fees and discounts), printing and engraving costs, the fees and expenses of the Rating Agencies, preparation of the financing statements, and preparation of any disclosure document and any other documents necessary for the issuance of the Bonds; and (b) payment of the fees and expenses of the Trustee, the Issuer, any Bond Registrar, the Tender Agent and the Credit Provider and the reasonable expenses of their counsel properly incurred under or in connection with the Indenture and the transactions contemplated hereby.

“Facilities” or *“Facility”* means all land, leasehold interests and buildings and all fixtures and equipment (as defined in the Uniform Commercial Code or equivalent statute in effect in the state where such fixtures or equipment are located) of a Person.

“Financed Properties” means the Properties, or any portion thereof, that constitute a part of the Project and the costs of which are, directly or indirectly, financed or reimbursed with the proceeds of the Bonds.

“Fiscal Year” means any 12-month period beginning on July 1 of any calendar year and ending on June 30 of the same calendar year or such other consecutive 12-month period selected by the Borrower as the fiscal year for the Borrower.

“Indenture” means the Indenture of Trust between the Issuer and the Trustee dated as of May 1, 2008, and all amendments thereof and supplements thereto.

“Independent Counsel” means an attorney or firm of attorneys duly admitted to the practice of law before the highest court of the state in which such attorney or firm of attorneys maintains an office, and which attorney or firm of attorneys is not a full-time employee of the Trustee, the Credit Provider, the Issuer, the Tender Agent, the Remarketing Agent or the Borrower.

“Loan” means the loan made by the Issuer to the Borrower from the proceeds of the Bonds pursuant to the Loan Agreement as evidenced by the Note.

“Note” means the Series 2008 Note of the Borrower in the principal amount of \$13,500,000 in substantially the form attached hereto as Exhibit B which will be issued and delivered by the Borrower to the Trustee to evidence the Loan, and any note issued in exchange therefor pursuant to Section 4.6 hereof.

“Person” means an individual, a corporation, a partnership, an association, a trust or any other entity or organization, including a government or political subdivision or any agency or instrumentality thereof.

“*Property*” means any and all rights, titles and interests in and to any and all property, whether real or personal, tangible (including cash) or intangible, wherever situated and whether now owned or hereafter acquired.

“*Unassigned Rights*” means certain of the rights of the Issuer pursuant to Sections 4.4, 6.2, 6.3, 6.5, 6.6, 6.7, 6.8, 7.2, 8.2(d) 8.4, 10.10, 10.11, 10.12 and 10.14 of this Agreement, and the right to receive notices and other documents, and to give and withhold consents hereunder, which rights are not assigned to the Trustee under the Indenture, as set forth herein.

“*Underwriter*” means J.P. Morgan Securities Inc., Chicago, Illinois.

Section 1.2. Exhibits. The following Exhibits are attached to, and by reference made a part of, this Agreement:

Exhibit A - Project Description.

Exhibit B - Form of Note.

Exhibit C - Form of Requisition.

(End of Article I)

ARTICLE II.

REPRESENTATIONS AND COVENANTS

Section 2.1. Representations and Covenants of Issuer. The Issuer makes the following representations and covenants as the basis for its undertaking herein contained:

(a) It is a duly organized and validly existing consolidated local government and political subdivision existing under the laws of the Commonwealth of Kentucky.

(b) Based in part on representations and certifications of the Borrower, the Issuer has performed all duties, undertaken all acts, made all findings, obtained all approvals, published all notices and held all hearings prerequisite to the issuance of the Bonds, the adoption of the resolution authorizing the issuance of the Bonds, and the execution and delivery of the Indenture and this Agreement.

(c) The Issuer and the Borrower have agreed that the Issuer will finance certain portions of the Cost of the Project through the loan of the proceeds of the Bonds to the Borrower. The Borrower has estimated that the aggregate amount thereof will not exceed \$13,500,000, and on that basis the Issuer now proposes to issue its Bonds in the aggregate principal amount of \$13,500,000, which Bonds will be issued and dated, mature and bear interest as set forth in the Indenture, and which Bonds will be subject to redemption at the times and the redemption prices set forth in the Indenture, in order to finance certain portions of the Cost of the Project.

(d) The Bonds are to be issued under and secured by the Indenture pursuant to which certain of the Issuer's interests in this Agreement, the Note and the revenues and income to be derived by the Issuer pursuant to this Agreement and the Note, will be pledged and assigned to the Trustee as security for payment of the principal of, premium, if any, and interest on the Bonds. The Issuer covenants that it has not and will not pledge or assign its interest in this Agreement or the Note, or the revenues and income derived pursuant to this Agreement or the Note, excepting Unassigned Rights, other than to the Trustee under the Indenture to secure the Bonds.

(e) To the best knowledge of the Issuer, neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement conflicts with or results in a breach of the terms, conditions or provisions of any material restriction, agreement or instrument to which the Issuer is a party, or by which it or any of its property is bound, or constitutes a default under any of the foregoing.

(f) The Issuer shall have no responsibility for the preparation, filing or recording of any instrument, document or financing statement or for the maintenance of any security interest intended to be perfected thereby. Upon direction of the Borrower, the Issuer will execute such instruments as may be necessary in connection with such filing or recording.

Section 2.2. Representations and Covenants of Borrower. The Borrower makes the following representations and covenants as the basis for its undertaking herein contained:

(a) The Borrower is a nonprofit corporation duly organized and validly existing under the laws of the Commonwealth of Kentucky, and has full power to execute and deliver this Agreement and the Note.

(b) The execution and delivery of this Agreement and the Note on the Borrower's part have been duly authorized by all necessary corporate action, and neither the execution and delivery of this Agreement and the Note, the consummation of the transactions contemplated hereby or thereby, nor the fulfillment of or compliance with the terms and conditions hereof or thereof, conflicts with or results in a material breach of the Articles of Incorporation or By-Laws of the Borrower or any material agreement or instrument to which the Borrower is now a party or by which it or any of its Property is bound, or constitutes a material default (or would constitute a material default with due notice or the passage of time or both) under any of the foregoing, or, except as described herein or as permitted by the Reimbursement Agreement, results in the creation or imposition of any prohibited lien, charge or encumbrance whatsoever upon any of the property or assets of the Borrower under the terms of any material instrument or agreement to which the Borrower is now a party or by which it, or any of its Property, is bound.

(c) The Project comprises the acquisition, construction, installation and equipping of the Borrower's facilities and other property as more completely described in Exhibit A hereto for use in the Borrower's trade and business of providing education. The Borrower intends to operate the Project in such trade or business from the Closing Date to the expiration or earlier termination of the term of this Agreement as provided herein.

(d) No amount shall be withdrawn from the Construction Fund except to pay or to reimburse the Borrower for any Cost of the Project.

(e) To the best knowledge of the Borrower, the Project, as presently designed, complies in all material respects with all presently applicable and material rules, regulations, ordinances, resolutions and laws of the local, State and federal governments.

(f) This Agreement, the Note, the Reimbursement Agreement and the Remarketing Agreement have been duly authorized by all necessary corporate action by the Borrower, have been executed and delivered by the Borrower, and constitute the valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their terms. No authorization or approval of any other governmental body or agency is required for the execution by the Borrower of this Agreement, the Note, the Reimbursement Agreement or the Remarketing Agreement.

(g) The Borrower will not use any of the proceeds of the Bonds in such a manner as to impair the exclusion from gross income of the interest on the Bonds from federal income taxation or take or fail to take any action that would so impair such exclusion. The Borrower will not take any action that would at any time or in any way cause the Issuer to be listed as an issuer whose certificates pursuant to the requirements of Section 148 of the Code cannot be relied upon. The Borrower will comply fully with its covenants and agreements under the Tax Certificate.

(h) The Borrower is organized and operated exclusively for benevolent and charitable purposes and not for pecuniary profit, and no part of the net earnings of the Borrower inures to the benefit of any person, private shareholder or individual.

(i) The Borrower is a tax exempt organization pursuant to a determination letter of the Internal Revenue Service issued on _____, 19___. The Borrower will maintain its status as such an organization so long as any Bonds are Outstanding. The Borrower is not a “private foundation” as defined in Section 509(a) of the Code.

(j) The Borrower has obtained the Initial Credit Facility, which, by its terms, will expire on _____, 20__.

(k) The Borrower will not purchase, or allow any “insider” (within the meaning of Title 11 of the United States Code, 11 U.S.C. §101 et seq. (the “Bankruptcy Code”)) of the Borrower to purchase, any of the Bonds (other than Pledged Bonds or Borrower Bonds) at any time that the Credit Facility is available to be drawn therefor.

(l) No employee of the Borrower will be required by the Borrower to attend any religious services or participate in any religious ceremonies or other religious activities. The Borrower will not use the Financed Properties (i) primarily for sectarian instruction or primarily as a place of sectarian worship or primarily in connection with any part of the program of a school or department of divinity for any religious denomination or for the training of priests, ministers, rabbis or other similar persons in the field of religion or (ii) in a manner which is prohibited by the Establishment of Religion Clause of the First Amendment to the Constitution of the United States of America or by any comparable provisions of the Constitution of the State.

(m) As of the date hereof, the Borrower is in full compliance with all of the terms and conditions of this Agreement and no “event of default” has occurred and is continuing with respect thereto and no event has occurred and is continuing which with the lapse of time or the giving of notice or both would constitute such an “event of default.”

Section 2.3. Voidable Preferences. The Borrower hereby covenants to the Issuer that it will not take any action, directly or indirectly (including, but not limited to, any amendment to Sections 2.3, 2.4 and 3.2 of the Reimbursement Agreement), nor fail to take any action, directly or indirectly, which would cause any payment under the Credit Facility from the Credit Provider to the Trustee to be a voidable preference under Section 547 of the Bankruptcy Code which is recoverable under Section 550(a) of the Bankruptcy Code in the event of the filing of a petition in bankruptcy by or against the Borrower or the Issuer.

(End of Article II)

ARTICLE III.

ACQUISITION, CONSTRUCTION, EXPANSION, RENOVATION AND EQUIPPING OF PROJECT

Section 3.1. Agreement to Acquire, Construct, Expand, Renovate and Equip the Project; Title. The Borrower covenants and agrees to complete the Project. Upon written request of the Issuer, the Credit Provider or the Trustee, the Borrower agrees to make available to the requesting party, for review and copying, all then current plans and specifications for the Project. The Borrower may identify any proprietary information in the plans and specifications, and the requesting party shall, to the extent permitted by law, keep such information confidential. The Borrower may supplement or amend the description of the Project or the plans and specifications (including additions thereto or omissions therefrom), provided that no such supplement or amendment shall cause the Project to no longer be classifiable as an “educational facility project” within the meaning of the Act, and provided further that no such supplement or amendment shall cause the Project to exceed its scope as described in connection with the public hearing regarding the Project conducted by the Issuer on May __, 2008. In the event of a supplement or amendment to the description of the Project, the Issuer and the Borrower shall amend Exhibit A to this Agreement (without the necessity of obtaining the consent of the Bondholders with respect thereto) to reflect such supplement or amendment, with any such supplement or amendment to be prepared by the Borrower.

The Borrower agrees to cause the Project to be completed as soon as may be practicable. For any Cost of the Project that was paid prior to the receipt of the proceeds to be derived from the sale of the Bonds, such costs will be repaid or reimbursed as provided in Section 5.01 of the Indenture and such payments may be reimbursed as provided in Section 5.05 of the Indenture, all to the extent permitted by the Tax Certificate. Nothing contained in this Section 3.1 shall relieve the Borrower of the obligation on its part to make the payments required to be paid pursuant to Section 4.1, Section 4.2 or Article IX hereof.

Section 3.2. Agreement to Issue Bonds; Application of Bond Proceeds. In order to provide funds to finance a portion of the Cost of the Project, the Issuer agrees that it will issue the Bonds in accordance with the provisions of the Indenture and cause them to be delivered to the original purchasers thereof. Upon receipt of the proceeds of the sale of the Bonds, the Trustee will deposit such proceeds in accordance with the Indenture.

Section 3.3. Disbursements from Construction Fund.

(a) The Issuer has in the Indenture authorized and directed the Trustee to disburse moneys from the Construction Fund for the Bonds for payment or reimbursement of the following Costs of the Project, subject in each case to the limitations and restrictions contained in the Tax Certificate:

- (i) Costs of Issuance (but only from the Expense Account of the Construction Fund).
- (ii) Fees for the Credit Facility.

(iii) Costs of (1) preparation of plans and specifications for the Project (including any preliminary study or planning of the Project, or any aspect thereof); (2) demolition, clearing and site improvements to the real property upon which the Project will be acquired, constructed, refurbished, installed and equipped; (3) the acquisition, construction and refurbishment of buildings; (4) the acquisition and installation of machinery and equipment; and (5) the acquisition and installation of utility services or other facilities, and all real or personal properties, deemed necessary in connection with the Project (including architectural, engineering and supervisory services with respect to any of the foregoing).

(iv) Costs of labor, services materials and supplies used or furnished in the acquisition, construction, installation and equipping of the Project.

(v) To such extent as they shall not be paid by a contractor for acquisition, construction, installation or equipping with respect to any part of the Project, payment of the premiums on all insurance taken out and maintained during the Construction Period.

(vi) Expenses incurred in seeking to enforce any remedy against any contractor or subcontractor in respect of any default under a contract relating to the Project.

(vii) Taxes, assessments and other charges, if any, that may become payable during the Construction Period with respect to the Project, or reimbursement thereof if paid by the Borrower.

(viii) Interest on the Bonds (subject to compliance with the provisions of the Indenture relating to the application of moneys on deposit in the Capitalized Interest Account of the Construction Fund and with the limitations set forth in the Tax Certificate with respect to the payment of interest on the Bonds.

(ix) Any other costs permitted by the Act.

(b) All proceeds of the Bonds, including moneys earned pursuant to the provisions hereof (other than amounts required to be held in the Rebate Fund which shall be applied in accordance with the Indenture), remaining in the Construction Fund on the Completion Date established pursuant to Section 3.4 hereof, and after payment of all other items provided for in the preceding subsections (a)(i)-(vii), inclusive, of this Section 3.3, then due and payable shall, at the direction of the Borrower, be used in accordance with Section 3.4 hereof.

(c) Each payment for a Cost of the Project (other than for Costs of Issuance which are set forth in closing memoranda for the Bonds, which shall not require a requisition for payment) shall be made only upon receipt by the Trustee, with a copy sent to the Credit Provider, of a requisition signed by the Authorized Borrower Representative in substantially the form of Exhibit C hereto certifying:

(i) the requisition number;

(ii) whether the payment represents a draw on the Expense Account of the Construction Fund;

(iii) the portion of the Project, if any, to which the payment relates, specifying in reasonable detail the nature of the obligation;

(iv) the payee, which may be the Trustee in the case of a requisition for payment of interest on the Bonds, and which may be the Borrower in the case of reimbursement for payments advanced by the Borrower for the Cost of the Project;

(v) the amount;

(vi) the method of payment, whether check or wire transfer;

(vii) that the payment is due, is a proper charge against the Construction Fund and has not been the basis for any previous withdrawal from the Construction Fund;

(viii) that all the funds being requisitioned are being used in compliance with the Tax Certificate and the Code, and that all of such funds are to be used for the Cost of the Project described herein; and

(ix) that no event of default exists under the Indenture or this Agreement, and no condition, event or act which, with notice or the lapse of time, or both, would constitute or give rise to such an event of default exists.

Each requisition will be consecutively numbered and accompanied by copies of appropriate documentation supporting the payments or reimbursements requested pursuant to this Section. The Trustee shall be under no duty to inspect or approve any documentation accompanying any requisition, but shall hold, and provide to Bondholders upon request, such documentation solely as a repository for the benefit of Bondholders.

Nothing in this Section shall impose on the Trustee any obligation to see to the proper application of moneys disbursed from the Construction Fund in accordance with the requirements of this Section 3.3. In making disbursements from the Construction Fund, the Trustee may rely on requisitions or closing memoranda delivered to it in conformance with the requirements of this Section.

Any Property, or any portion thereof, the cost of which is, directly or indirectly, financed or reimbursed with Bond proceeds pursuant to Section 5.01 of the Indenture or from a draw made from the Construction Fund as described in this Section 3.3 constitutes part of the “Financed Properties” for all purposes of this Agreement and the Indenture.

Section 3.4. Establishment of Completion Date. The Completion Date shall be evidenced to the Trustee, the Credit Provider and the Issuer by a certificate signed by the Authorized Borrower Representative stating that, except for amounts retained by the Trustee for costs of the Financed Properties that have been incurred and are intended to be paid with proceeds of the Bonds but are not then due and payable, or for the costs of the Financed Properties the liability for which the Borrower is in good faith contesting or disputing, (a) the Financed Properties have been completed to the satisfaction of the Borrower in accordance with the plans and specifications for the Financed Properties, and all labor, services, materials and supplies used in connection therewith have been paid for, (b) the Financed Properties as so

completed are suitable and sufficient for the intended use thereof by the Borrower, and (c) all Bond proceeds have been applied solely to the payment of the Cost of the Project on account of which the Bonds were issued, as required by the Act. Any amount not to be retained in the Construction Fund for costs of the Financed Properties that have been incurred and are intended to be paid with proceeds of the Bonds but are not then due and payable, or for the costs of the Financed Properties the liability for which the Borrower is in good faith contesting or disputing, and all amounts so retained but not subsequently used and for which notice of such failure of use has been given by the Borrower to the Trustee, shall be segregated by the Trustee and used by the Trustee, at the direction of the Authorized Borrower Representative (a) to pay the cost of an “educational facility project” within the meaning of the Act, provided that the Trustee is furnished with an opinion of Bond Counsel to the effect that such use is lawful under the Act and will not adversely affect the exclusion of interest on any of the Bonds from gross income of the owners thereof for federal income tax purposes, (b) to redeem Bonds prior to maturity on the earliest redemption date permitted by the Indenture for which no premium or penalty pertains, or, at the option of the Borrower, at an earlier redemption date, or (c) for any other purpose, provided that the Trustee is furnished with an opinion of Bond Counsel to the effect that such use is lawful under the Act and will not adversely affect the exclusion of interest on any of the Bonds from gross income of the owners thereof for federal income tax purposes.

Section 3.5. Obligation of Parties to Cooperate in Furnishing Documents; Trustee Reliance. The Borrower agrees to furnish to the Trustee the documents referred to in Section 3.3 hereof that are required to effect payments out of the Construction Fund. Such agreement is subject to any provisions of the Indenture permitting the Trustee to request additional documentation with respect to payments, and shall not extend beyond moneys in the Construction Fund available for payments under the terms of the Indenture. In making any such payments from the Construction Fund, the Trustee may conclusively rely on any such orders, requisitions, closing memoranda and certifications delivered to it pursuant to Section 3.3 hereof.

Section 3.6. Borrower Required to Pay Costs in Event Construction Fund Insufficient. In the event the moneys in the Construction Fund available for payment of the Cost of the Project should not be sufficient to make such payment in full, the Borrower may at its discretion pay directly, or may at its discretion deposit moneys in the Construction Fund for the payment of, such costs of completing the Project as may be in excess of the moneys available therefor in the Construction Fund. THE ISSUER DOES NOT MAKE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, THAT THE MONEYS WHICH WILL BE DEPOSITED INTO THE CONSTRUCTION FUND, AND WHICH UNDER THE PROVISIONS OF THIS AGREEMENT WILL BE AVAILABLE FOR PAYMENT OF THE COST OF THE PROJECT, WILL BE SUFFICIENT TO PAY ALL OF THE COSTS WHICH WILL BE INCURRED IN CONNECTION THEREWITH. The Borrower agrees that if, after exhaustion of the moneys in the Construction Fund, the Borrower should pay, or deposit moneys in the Construction Fund for the payment of, any portion of the said Cost of the Project pursuant to the provisions of this Section 3.6, it shall not be entitled to any reimbursement therefor from the Issuer, the Trustee, the Credit Provider or the holders and owners of the Bonds, nor shall it be entitled to any diminution of the amounts payable under Section 4.1, Section 4.2 or Article IX hereof.

(End of Article III)

ARTICLE IV.

THE LOAN

Section 4.1. Payment Obligations of Borrower.

(a) The Issuer hereby agrees to make the Loan to the Borrower in accordance with the provisions of this Agreement, as evidenced by the Note. As consideration for the issuance of the Bonds and the making of the Loan to the Borrower by the Issuer in accordance with the provisions of this Agreement, the Borrower will deliver its Note by which the Borrower agrees to make prompt payment to the Trustee, as assignee and pledgee of and for the account of the Issuer, for deposit in the Revenue Account and/or Seasoned Funds Account of the Bond Fund, of amounts sufficient to pay the principal of, premium, if any, and interest on the Bonds, whether at maturity, upon redemption or otherwise. All such payments shall be made to the Trustee at its principal corporate trust office in lawful money (immediately available) of the United States of America.

The Borrower agrees to make payments to the Trustee (i) by 12:00 noon, New York City time, on the Business Day next preceding each Interest Payment Date with respect to amounts due on the Bonds on such Interest Payment Date (other than by reason of redemption), (ii) by 12:00 noon, New York City time, on the Business Day next preceding the first Business Day of each month with respect to amounts accrued as interest on Bonds in the Adjustable Rate Mode, (iii) five days prior to each Interest Payment Date with respect to Bonds in the Fixed Rate Mode; and (iv) by 12:00 noon, New York City time, on the acceleration date with respect to amounts due on the Bonds on an acceleration date. The Borrower agrees to make prepayments to the Trustee in accordance with Article IX hereof. The Borrower directs the Trustee to apply such amounts, to the extent the Credit Provider has not failed to honor a properly presented and conforming drawing under the Credit Facility, to reimburse the Credit Provider for amounts drawn under the Credit Facility to make such payments; otherwise, after immediately seeking to obtain payment from the Credit Provider by all available means (including, but not limited to, notice to the Credit Provider, the Borrower and the Remarketing Agent of the failure to receive timely payment), to pay the principal of, premium, if any, and interest on the Bonds secured by the Credit Facility so as to assure timely payment to the Bondholders therefrom on the date due.

Notwithstanding anything in this Agreement to the contrary, if the Reimbursement Agreement otherwise sets forth applicable procedures governing the manner in which the Borrower is to reimburse the Credit Provider for amounts drawn under the Credit Facility, then any such procedures are incorporated herein by reference and shall be utilized prior to the reimbursement procedures set forth herein.

(b) The Borrower shall provide for the payment of the principal of, and interest on, the Bonds (except Pledged Bonds, Borrower Bonds and Bonds in the Fixed Rate Mode), whether at maturity, upon redemption or otherwise, by the delivery of the Initial Credit Facility to the Trustee simultaneously with the original issuance and delivery of the Bonds; however, the Initial Credit Facility may be replaced with an Alternate Credit Facility pursuant to the provisions, and subject to the conditions, set forth herein and in the Indenture. The Borrower shall provide for the payment of the redemption premium (i) in the case of an optional redemption during an

Adjustable Rate Period by the delivery of (A) Seasoned Funds, or (B) a Credit Facility which permits the Trustee to draw thereunder for the payment of such premium and (ii) in the case of an optional redemption during the Fixed Rate Period, by delivery of any funds. The Borrower hereby authorizes and directs the Trustee to draw moneys under the Credit Facility in accordance with the provisions of the Indenture and the terms of the Credit Facility to the extent necessary to make any payments of principal of, premium, if any (but only if such is permitted by the terms of the Credit Facility), and interest on the Bonds secured thereby as and when the same become due and payable.

The Borrower and the Issuer each acknowledge that neither the Borrower nor the Issuer has any interest in the Bond Fund, and any moneys deposited therein (including draws under the Credit Facility) shall be in the custody of and held by the Trustee in trust for the benefit of Bondholders.

(c) The Borrower may elect to convert the rate of interest borne by any Bond from (i) a Daily Rate Mode to a Weekly Rate Mode, an Adjustable Rate Mode or the Fixed Rate Mode, (ii) a Weekly Rate Mode to a Daily Rate Mode, an Adjustable Rate Mode or the Fixed Rate Mode, (iii) an Adjustable Rate Mode to a Daily Rate Mode, a Weekly Rate Mode or the Fixed Rate Mode, or (iv) an Adjustable Rate Period of one duration to an Adjustable Rate Period of another duration within the Adjustable Rate Mode, but only in accordance with the provisions governing such conversion set forth in Section 2.02 of the Indenture and the form of Bond contained in the Indenture; absent the making of any such election prior to the end of an Adjustable Rate Period, the Borrower understands and agrees that such Bonds will bear interest and be in a Mode as provided in Section 2.02(D) of the Indenture. The Borrower may delegate to the Remarketing Agent in the Remarketing Agreement its authority to elect to convert the rate of interest borne by any Bond from one Mode to another Mode or to change the duration of the Adjustable Rate Period of any Bond in the Adjustable Rate Mode. The Borrower hereby authorizes and directs the Trustee to draw moneys under the Credit Facility in accordance with the provisions of the Indenture and the terms of the Credit Facility to the extent necessary to make any payments of principal of, premium, if any (but only if such is permitted by the terms of the Credit Facility), and interest on the Bonds secured thereby as and when the same become due and payable. The Borrower shall comply with Sections 4.3(d) and 4.3(e) hereof on each Adjustable Rate Reset Date and each Conversion Date.

(d) If the Borrower should fail to make any of the payments required in subsection (a) above, the item or installment which the Borrower has failed to pay shall continue as an obligation of the Borrower until the same shall have been fully paid, and the Borrower agrees to pay the same with interest thereon (subject to the provisions of paragraph (e) below) at the rate per annum borne by the Bonds, from time to time, until paid in full. The foregoing notwithstanding, if despite the failure of the Borrower to make the payments required in subsection (a) above, the principal of, premium, if any, and interest on the Bonds then due have been paid, and with respect to Bonds in the Adjustable Rate Mode, an amount equal to the accrued interest on such Bonds required by Section 5.04 of the Indenture to be on deposit with the Trustee in the Credit Facility Account is so on deposit with the Trustee, the Borrower shall not be obligated to pay interest on the item or installment that the Borrower failed to pay.

(e) Anything herein, in the Indenture or in the Bonds to the contrary notwithstanding, the obligations of the Borrower hereunder shall be subject to the limitation that payments constituting interest under this Section shall not be required to the extent that the receipt of such payment by any Owner of any Bonds would be contrary to the provisions of law applicable to such Owner which limit the maximum rate of interest which may be charged or collected by such Owner.

Section 4.2. Additional Payment Obligations of Borrower.

(a) In addition to the payments required to be made by the Borrower pursuant to Section 4.1 hereof, when the Bonds are held in a book-entry only system, the Borrower agrees to pay to the Trustee, by 3:00 p.m., New York City time, amounts sufficient to pay the purchase price of any beneficial interest in the Bonds to be purchased pursuant to Article III of the Indenture on the date such beneficial interest is to be purchased pursuant to said Article III; provided, however, that the obligation of the Borrower to make such payment hereunder with respect to the purchase of beneficial interests pursuant to Article III of the Indenture shall be reduced by the amount of money available for such payment from the remarketing of beneficial interests thereunder; and provided, further, that to the extent that payment has been made under the Credit Facility pursuant to Section 3.03(b) of the Indenture, the Borrower shall not be obligated to make such payment until the due date specified in the Reimbursement Agreement. All such payments shall be made to the Trustee, at its principal corporate trust office, in lawful money (immediately available) of the United States of America. The Borrower directs the Trustee to apply such amounts, to the extent the Credit Provider has not failed to honor a properly presented and conforming drawing under the Credit Facility, to reimburse the Credit Provider for amounts drawn under the Credit Facility; otherwise, to retain such amounts for deposit into a separate subaccount apart from, and not commingled with, any other moneys held by the Trustee, to be applied to pay the purchase price of the beneficial interests (which have not been remarketed or which have been remarketed but for which payment has not been received) so as to assure timely payment to the beneficial owners therefrom on the date due.

(b) In addition to the payments required to be made by the Borrower pursuant to Section 4.1 hereof, when a book-entry only system is not in effect, the Borrower agrees to pay to the Tender Agent by 3:00 p.m., New York City time, amounts sufficient to pay the purchase price of any Bonds to be purchased pursuant to Article III of the Indenture on the date such Bonds are to be purchased pursuant to said Article III; provided, however, that the obligation of the Borrower to make such payment hereunder with respect to the purchase of Bonds pursuant to Article III of the Indenture shall be reduced by the amount of money available for such payment from the remarketing of Bonds thereunder; and provided further, that to the extent that payment has been made under the Credit Facility pursuant to Section 3.03(b) of the Indenture, the Borrower shall be obligated to make such reimbursement as specified in the Reimbursement Agreement. All such payments shall be made to the Tender Agent at its Principal Office, in lawful money (immediately available) of the United States of America. The Borrower directs the Tender Agent to apply such amounts, to the extent the Credit Provider has not wrongfully dishonored a draft presented in strict conformity with the requirements of the Credit Facility, to reimburse the Credit Provider for amounts drawn under the Credit Facility; otherwise, to apply such amounts to pay the purchase price of the Bonds (which have not been remarketed or which

have been remarketed but for which payment has not been received) so as to assure timely payment to the Bondholders therefrom on the date due.

(c) If the Borrower should fail to make any of the payments required in this Section 4.2, the item or installment which the Borrower has failed to pay shall continue as an obligation of the Borrower until the same shall have been fully paid, and the Borrower agrees to pay the same with interest thereon (subject to the provisions of Section 4.1(e) hereof) at the rate per annum borne by the Bonds, from time to time, until paid in full. The foregoing notwithstanding, if despite the failure of the Borrower to make the payments required in Section 4.2 hereof, the purchase price of all beneficial interests in the Bonds, or of all Bonds tendered for purchase, has been paid, the Borrower shall not be obligated to pay interest on the item or installment that the Borrower failed to pay.

(d) During each Daily Rate Period, Weekly Rate Period and Adjustable Rate Period the Borrower shall provide for the payment of the amounts to be paid by the Borrower pursuant to subsection (a) or (b) above by delivery of a Credit Facility to the Trustee on or before the start of such Period. The Borrower hereby authorizes and directs the Trustee to draw moneys under the Credit Facility in accordance with the provisions of the Indenture and the terms of the Credit Facility to the extent necessary to make the payments under Article III of the Indenture when such payments are due and payable.

(e) Notwithstanding anything in this Agreement to the contrary, if the Reimbursement Agreement otherwise sets forth applicable procedures governing the manner in which the Borrower is to reimburse the Credit Provider for amounts drawn under the Credit Facility, then any such procedures are incorporated herein by reference and shall be utilized prior to the reimbursement procedures set forth herein.

Section 4.3. Credit Facility; Alternate Credit Facility.

(a) The Initial Credit Facility shall be delivered to the Trustee simultaneously with the original issuance and delivery of the Bonds. The Trustee shall have on deposit with it a Credit Facility that secures Bonds in a Daily, Weekly or Adjustable Rate Mode either through retention of the existing Credit Facility or through the delivery of an Alternate Credit Facility. The Borrower covenants not to elect to convert the Bonds from one Mode to another Mode (other than to the Fixed Rate Mode) or from an Adjustable Rate Period of one duration to an Adjustable Rate Period of another duration, unless the Bonds in such new Mode or new Adjustable Rate Period will be secured by a Credit Facility either through retention of the existing Credit Facility or through the delivery of an Alternate Credit Facility. Each such Credit Facility shall be substantially in the form attached to the Reimbursement Agreement pursuant to which it is issued.

(b) The Borrower shall have the option from time to time to provide the Trustee with an Alternate Credit Facility; provided that the Borrower delivers to the Trustee, not less than 45 days prior to the effective date of each such Alternate Credit Facility, (i) notice to the effect that such Alternate Credit Facility will be delivered, and (ii) a form thereof. An Alternate Credit Facility shall meet the requirements therefor contained in the Indenture. Any Alternate Credit Facility shall have a term ending at least 15 days after an Interest Payment Date and not sooner

than 364 days after its date of issuance; provided, however, that if the Bonds to be secured by such Alternate Credit Facility mature within 364 days the term of such Alternate Credit Facility shall extend to a date at least 15 days after the maturity date of such Bonds. On or prior to the delivery of any Alternate Credit Facility to the Trustee, the Borrower shall furnish to the Trustee (i) an opinion of Bond Counsel stating that delivery of such Alternate Credit Facility to the Trustee is authorized under, and complies with the terms of, the Indenture, this Agreement and the Act, and will not adversely affect the exclusion from gross income for purposes of federal income taxation of interest on the Bonds, and (ii) an opinion of counsel to the issuer of such Alternate Credit Facility in form and substance reasonably acceptable to the Trustee.

(c) If at any time there shall have been delivered to the Trustee an Alternate Credit Facility, together with the other documents and opinions required by this Section 4.3, then the Trustee shall accept such Alternate Credit Facility and promptly surrender the previously held Credit Facility to the issuer thereof, in accordance with the terms thereof for cancellation. If at any time there shall cease to be any Bonds Outstanding under the Indenture to which a Credit Facility relates, or if a Credit Facility expires in accordance with its terms, the Trustee shall promptly surrender such Credit Facility to the issuer thereof, in accordance with the terms thereof, for cancellation. The Trustee shall comply with the procedures set forth in a Credit Facility relating to the termination thereof. Notwithstanding the foregoing, under no circumstances shall the Trustee surrender the Credit Facility unless and until the Credit Provider has honored all draws under such Credit Facility occasioned by a mandatory tender due to either the Expiration of the Term of the Credit Facility or the delivery of an Alternate Credit Facility.

(d) Each Bond (other than a Pledged Bond or a Borrower Bond) is subject to mandatory tender for purchase on each Conversion Date, on the date of delivery of an Alternate Credit Facility, on each Adjustable Rate Reset Date, and on the last Daily Rate Interest Payment Date, Weekly Rate Interest Payment Date or Adjustable Rate Interest Payment Date, as appropriate, prior to either the Expiration of the Term of the Credit Facility (but in no event less than two (2) Business Days prior to the Expiration of the Term of the Credit Facility). In the case of any mandatory tender occasioned by the Expiration of the Term of the Credit Facility or the delivery of an Alternate Credit Facility, the existing Credit Facility shall be drawn upon for payment of the purchase price of tendered Bonds on the date of purchase, and the Trustee shall not surrender the existing Credit Facility unless and until such drawing for the purchase price has been honored under the existing Credit Facility.

(e) After the Fixed Rate Conversion Date with respect to any Bond, such Bond shall not be secured by a Credit Facility.

Section 4.4. Administrative Expenses.

(a) The Borrower shall pay, or cause to be paid, an amount equal to (i) the reasonable fees and charges of the Trustee for its services rendered as Trustee under the Indenture (including all costs, fees and expenses relating to any petition filed by the Trustee pursuant to Section 8.06 of the Indenture), and its reasonable expenses, including reasonable fees and expenses of its counsel, (ii) the reasonable fees and charges of the Tender Agent, if any, for acting as Tender Agent for the Bonds, and its reasonable expenses, including reasonable fees and expenses of its counsel, (iii) the reasonable fees and charges of the Remarketing Agent for acting

as Remarketing Agent for the Bonds, and its reasonable expenses, including reasonable fees and expenses of its counsel, and (iv) the costs and expenses incurred by the Issuer in connection with the performance of its duties under this Agreement or the Indenture or otherwise relating to the Bonds, including reasonable fees and expenses of its counsel.

(b) If the Borrower should fail to make any of the payments required in this Section 4.4, the item or installment which the Borrower has failed to pay shall continue as an obligation of the Borrower until the same shall have been fully paid, with interest thereon (subject to the provisions of Section 4.1(e) hereof) at the rate per annum borne by the Bonds, from time to time, until paid in full.

(c) The Borrower agrees to pay the costs of printing all Bonds, if any, required to be printed after the respective Closing Dates.

Section 4.5. Obligations of Borrower Hereunder Unconditional; Certain Payments Assigned. The obligations of the Borrower to make the payments required under this Agreement and the Note and to perform and observe the other agreements contained herein shall be absolute and unconditional, and shall not be subject to any defense or any right of set-off, counterclaim or recoupment arising out of any breach of the Issuer, the Trustee or the Credit Provider of any obligation to the Borrower or otherwise with respect to the Project, whether hereunder or otherwise, or out of any indebtedness or liability at any time owing to the Borrower by the Issuer, the Trustee or the Credit Provider. Until such time as all of the Bonds shall have been fully paid or redeemed, the Borrower (a) will not suspend or discontinue any payments provided for herein, (b) will perform and observe all other agreements contained in this Agreement, and (c) will not terminate this Agreement for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, the taking by eminent domain of title to or temporary use of any or all of the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either thereof, or any failure of the Issuer, the Trustee or the Credit Provider to perform or observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Credit Facility, the Indenture or this Agreement. Nothing contained in this Section shall be construed to release the Credit Provider from the performance of any of the agreements on its part contained in the Credit Facility, or to release the Issuer from the performance of any of the agreements on its part herein contained or contained in the Indenture, or to release the Trustee from the performance of any of the agreements on its part contained in the Indenture, and in the event the Issuer, the Trustee or the Credit Provider should fail to perform any such agreements on its part, the Borrower may institute such action against the Issuer, the Trustee or the Credit Provider as the Borrower may deem necessary to compel performance as long as such action does not abrogate the obligations of the Borrower contained in the first sentence of this Section. The Borrower may, however, at the Borrower's own cost and expense and in the Borrower's own name or in the name of the Issuer, prosecute or defend any action or proceeding or take any other action involving third persons which the Borrower deems reasonably necessary in order to secure or protect the Borrower's right of possession, occupancy and use of the Project hereunder, and in such event the Issuer hereby agrees to cooperate fully with the Borrower and to take all action necessary to effect the substitution of the Borrower for the Issuer in any such actions or proceeding if the

Borrower shall so request, provided that the Borrower shall pay all costs incurred by or on behalf of the Issuer.

Section 4.6. Issuance of Substitute Note. Upon the surrender of any Note, the Borrower will execute and deliver to the holder thereof a new Note dated the date of the Note being surrendered but with appropriate notations thereon to reflect payments of principal and interest thereon; provided, however, that there shall never be outstanding at any one time more than one Note.

(End of Article IV)

ARTICLE V.

CONCERNING THE PROJECT

Section 5.1. Operation of Project. The Borrower agrees that the Issuer, the Trustee, the Credit Provider, the Tender Agent and the Remarketing Agent shall have no duties or responsibilities whatsoever with respect to the operation or maintenance of the Project, or the performance of the Project for its designed purposes.

Section 5.2. Modification of Project. The Borrower shall, at its own expense, have the right to make additions, modifications and improvements to the Project. All such additions, modifications and improvements shall be subject to the provisions of this Agreement and the Indenture. Such additions, modifications and improvements shall not in any way cause the Project to be used for purposes other than those authorized under the provisions of State and federal law, or in any way impair the exclusion from gross income of the interest on the Bonds for federal income tax purposes.

Section 5.3. Insurance; Condemnation Awards. The Borrower shall not be obligated to restore the Project, or any part thereof, damaged or destroyed by any cause whatsoever or taken in an eminent domain proceeding, or to construct any new improvements to replace the part of the Project damaged or destroyed or taken in such eminent domain proceeding. The Borrower may apply any proceeds of insurance or any condemnation award in any manner deemed necessary (including prepayment of the Loan pursuant to Section 9.2 hereof) if such application is not prohibited by the Tax Certificate.

Section 5.4. No Warranty by Issuer. THE BORROWER RECOGNIZES THAT THE ISSUER HAS NOT MADE AN INSPECTION OF THE PROJECT OR OF ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, AND THE ISSUER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED OR OTHERWISE, WITH RESPECT TO THE SAME OR THE LOCATION, USE, DESCRIPTION, DESIGN, MERCHANTABILITY, FITNESS FOR USE FOR ANY PARTICULAR PURPOSE, CONDITION OR DURABILITY THEREOF, OR AS TO THE ISSUER'S OR THE BORROWER'S TITLE THERETO OR OWNERSHIP THEREOF OR OTHERWISE, IT BEING AGREED THAT ALL RISKS INCIDENT THERETO ARE TO BE BORNE BY THE BORROWER. IN THE EVENT OF ANY DEFECT OR DEFICIENCY OF ANY NATURE IN THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER PATENT OR LATENT, THE ISSUER SHALL HAVE NO RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO. THE PROVISIONS OF THIS SECTION 5.4 HAVE BEEN NEGOTIATED AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY WARRANTIES OR REPRESENTATIONS BY THE ISSUER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROJECT OR ANY FIXTURE OR OTHER ITEM CONSTITUTING A PORTION THEREOF, WHETHER ARISING PURSUANT TO THE UNIFORM COMMERCIAL CODE OF THE COMMONWEALTH OF KENTUCKY OR ANOTHER LAW NOW OR HEREAFTER IN EFFECT OR OTHERWISE.

(End of Article V)

ARTICLE VI.

SPECIAL COVENANTS

Section 6.1. Compliance with Tax Certificate. The Borrower agrees to comply with the provisions of and perform faithfully its obligations under the Tax Certificate.

Section 6.2. Access to Project. The Borrower agrees that the Issuer, the Trustee, the Credit Provider and any representative thereof shall have the right at all reasonable times, upon not less than two (2) Business Days' prior written notice, to enter upon, examine and inspect the Project for the purpose of determining whether the Borrower is in compliance with the terms of this Agreement, the Reimbursement Agreement and the Tax Certificate.

Section 6.3. Indemnification Covenants.

(a) The Borrower shall defend, indemnify and hold harmless the Issuer and its members, directors officers, agents, attorneys, employees, successors and assigns or other elected or appointed officials of the Issuer, past, present, or future (herein after the "Indemnified Persons") from and against any loss, claim, damage, tax, penalty or expense (including reasonable counsel fees), or liability of any nature due to any and all suits, actions, legal or administrative proceedings, judgments, claims or demands arising or resulting from, or in any way connected with:

(i) The acceptance or administration of the Indenture by the Trustee or the performance of the Issuer's duties thereunder, except with respect to liability from such Trustee's negligence or willful misconduct in connection with such action taken;

(ii) Any injury to or death of any person or damage to property in or upon the Project or resulting from or connected in any way to the financing, construction, maintenance, operation, use, non-use, condition, or occupancy of the Project or a part thereof;

(iii) Violation of any agreement or condition of this Agreement or the Indenture, except by the Issuer or the Trustee;

(iv) Violation of any contract, agreement, or restriction by the Borrower relating to the Project or a part thereof;

(v) Violation of any law, ordinance, or regulation arising out of the ownership, occupancy, or use of the Project or a part thereof;

(vi) Undertaking the Project or the failure to undertake the Project;

(vii) Any act, failure to act, or misrepresentation by the Borrower, or any of the Borrower's agents, contractors, servants, employees, or licenses;

(viii) Any act, omitted act, or misrepresentation by the Issuer in connection with or in the performance of any obligation related to the issuance, sale, or delivery of (or

failure to issue, sell, or deliver) the Bonds under this Agreement or the Indenture, or any other agreement executed by or on behalf of the Issuer (provided that nothing in this clause should be construed to indemnify or release the Issuer from any liability which it would otherwise have had arising from the intentional misrepresentation or willful misconduct on the part of the Issuer other than as contemplated in this Agreement); and

(ix) The authorization, issuance, sale, trading, redemption, or servicing of the Bonds and the provision of any information or certification furnished by the Borrower in connection therewith, concerning the Bonds, the Project or the Borrower.

If any suit, action or proceeding is brought against the Issuer or any Indemnified Person, such person shall promptly notify the Borrower in writing, and the Borrower shall promptly assume the defense at its own cost, including employment of counsel reasonably satisfactory to the Issuer or such Indemnified Party. Neither the Issuer nor the Borrower shall be liable for any settlement of any proceeding made without each of their consent (which consent shall not be unreasonably withheld).

(b) The Borrower shall also indemnify the Issuer and Indemnified Persons for all reasonable costs and expenses, including reasonable counsel fees, incurred in: (i) enforcing any obligation of the Borrower under this Agreement or any related agreement, (ii) taking any action requested by the Borrower, (iii) taking any action required by this Agreement, the Indenture or any related agreement or (iv) taking any action reasonably considered necessary by the Issuer and which is authorized by this Agreement, the Indenture or any related agreement.

(c) The Borrower also agrees to pay and to indemnify and hold harmless, the Trustee, the Tender Agent, any person who “controls” the Tender Agent or the Trustee within the meaning of Section 15 of the Securities Act of 1933, as amended, and any member, officer, director, official and employee of the Tender Agent or the Trustee (collectively called the “Indemnified Parties”) from and against, any and all claims, damages, demands, expenses, liabilities and losses of every kind, character and nature asserted by or on behalf of any person arising out of, resulting from, or in any way connected with, the condition, use, possession, conduct, management, planning, design, acquisition, construction, installation, renovation or equipping of all of the Project or any part thereof (the “Included Costs”). The Borrower also agrees to pay and to indemnify and hold harmless, the Trustee from and against, any loss, liability or expense (including the Included Costs) incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the Indenture or the trusts thereunder or the performance of its duties thereunder, including the reasonable costs and expenses of defending itself against or investigating any claim of liability in the premises, except to the extent that any such loss, liability or expense was due to the Trustee’s negligence or bad faith. The Borrower also covenants and agrees, at its expense, to pay, and to indemnify and save the Indemnified Parties harmless of, from and against, all reasonable costs, counsel fees, expenses and liabilities incurred in any action or proceeding brought by reason of any such claim or demand. In the event that any action or proceeding is brought against the Indemnified Parties by reason of any such claim or demand, the Indemnified Parties shall immediately notify the Borrower, which shall resist and defend any action or proceeding on behalf of the Indemnified Parties, including the employment of counsel, the payment of all expenses and the right to negotiate and consent to settlement. Any one or more of the Indemnified Parties shall have the

right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Parties unless the employment of such counsel has been specifically authorized by the Borrower, which authorization shall not be withheld unreasonably. If such separate counsel is employed, the Borrower may join in any such suit for the protection of its own interests. The Borrower shall not be liable for any settlement of any such action effected without its consent, but if settled with the consent of the Borrower or if there be a final judgment for the plaintiff in any such action, the Borrower agrees to indemnify and hold harmless the Indemnified Parties.

(d) Any provision of this Agreement or any other instrument or document executed and delivered in connection herewith to the contrary notwithstanding, the Issuer retains the right to (i) enforce the Issuer's Unassigned Rights and any applicable federal or state law or regulation or ordinance of the Issuer and (ii) enforce any rights afforded the Issuer by federal or state law or regulation or ordinance of the Issuer and nothing in this Agreement shall be construed as an assignment or an express or implied waiver thereof.

(e) If the Issuer is to take any action under this Agreement or any other instrument executed in connection herewith for the benefit of the Borrower, it will do so if and only if (i) the Issuer is a necessary party to any such action or proceeding, (ii) the Issuer has received specific written direction from the Borrower, as required hereunder or under any other instrument executed in connection herewith, as to the action to be taken by the Issuer and (iii) payment of the Issuer's costs, liabilities and expenses, including reasonable attorney fees, has been made or a written agreement of indemnification and payment of costs, liabilities and expenses satisfactory to the Issuer has been executed by the Borrower prior to the taking of any such action by the Issuer.

(f) Notwithstanding anything herein to the contrary, the Borrower need not defend, indemnify or hold the Issuer and any Indemnified Person harmless in connection with any claim arising from the statements and information relating to the Issuer contained in the Offering Memorandum under the headings "The Authority" and "Litigation - Authority."

(g) The obligation of the Borrower under this Section 6.3 shall survive any assignment or termination of this Agreement.

Section 6.4. Tax-Exempt Status of Bonds.

(a) The Borrower covenants that it shall observe and perform each of its obligations and undertakings under the Tax Certificate and this Agreement, and cooperate with the Issuer, the Trustee and the Credit Provider in any reasonable manner required to enable the Issuer, the Trustee and the Credit Provider to meet their obligations hereunder and thereunder.

(b) The Borrower further covenants and agrees, as long as the Bonds are Outstanding, that (i) it will not take, or fail to take, any action which would constitute a default by the Borrower under this Agreement, or would or could cause the Issuer or the Trustee to be in default hereunder or under the Indenture, and (ii) it has not taken or permitted to be taken, and will not take or permit to be taken, any action on its part that will cause the interest on the Bonds to be included in the gross income of the Owners of the Bonds for purposes of federal income

taxation. Without limiting the foregoing, the Borrower covenants that it will not direct any investment or other use of proceeds of the Bonds or any other moneys held under the Indenture which will cause the Bonds to be “arbitrage bonds” under Section 148 of the Code.

(c) The Borrower further agrees that it will not use the Project, or permit the Project to be used in such a way as to subject the Borrower to the tax imposed by Section 511 of the Code, on unrelated business taxable income, as defined in Section 512 thereof, unless such use will in no way adversely affect the status of the Borrower as an organization described in Section 501(c)(3) or adversely affect the exclusion from gross income of the interest on the Bonds under the Code; nor will it use or permit the Project to be used by any non-exempt person in such manner as would result in the inclusion of interest on the Bonds in gross income for federal income tax purposes under Section 103 of the Code; nor will it act in any other manner which would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds. The Borrower further covenants that none of its revenues, income or profits, whether realized or unrealized, will be distributed to any of its officers or members, or inure to the benefit of any private person, association or corporation, other than for the lawful corporate purposes of the Borrower, provided, however, that the Borrower may pay to any person, association or corporation the value of any service or product performed for or supplied to the Borrower by such person, association or corporation.

(d) Subject to Section 6.5 hereof, the Borrower further agrees that it will at all times maintain its existence as a nonprofit corporation and that it will take no action or suffer any action to be taken by others which will alter, change or destroy its status as a nonprofit corporation or its status as an organization described in Section 501(c)(3) of the Code and exempt from federal income taxation under Section 501(a) of the Code.

(e) For the purposes of this Section 6.4, all references to current sections of the Code shall be deemed to also refer to any successor sections of the Code or of a subsequent federal income tax statute or code.

Section 6.5. Borrower to Maintain Existence; Consolidation or Merger.

(a) Unless the Borrower complies with the following provisions of this Section 6.5, the Borrower agrees that as long as any Bonds are outstanding it will maintain its existence, will not dissolve, liquidate or otherwise dispose of all or substantially all of its assets, and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it. Any dissolution, liquidation, disposition, consolidation or merger shall be subject to the following conditions:

(i) the Borrower provides a certificate to the Issuer, the Trustee and the Credit Provider, in form and substance satisfactory to the Issuer, the Trustee and the Credit Provider, to the effect that no event of default exists hereunder and that no event of default will be caused by the dissolution, liquidation, disposition, consolidation or merger;

(ii) the entity surviving the dissolution, liquidation, disposition, consolidation or merger assumes in writing the obligations of the Borrower hereunder and under the Tax Certificate;

(iii) the Borrower or the entity surviving the dissolution, liquidation, disposition, consolidation or merger, within 10 days after execution thereof, furnishes to the Issuer, the Credit Provider and the Trustee a true and complete copy of the instrument of dissolution, liquidation, disposition, consolidation or merger;

(iv) neither the validity nor the enforceability of the Bonds, the Indenture or this Agreement is adversely affected by the dissolution, liquidation, disposition, consolidation or merger;

(v) the exclusion of the interest on the Bonds from gross income for federal income tax purposes is not adversely affected by the dissolution, liquidation, disposition, consolidation or merger, and the provisions of the Act, the Indenture and this Agreement are complied with concerning the dissolution, liquidation, disposition, consolidation or merger;

(vi) the Project continues to be as described herein; and

(vii) any successor entity shall be qualified to do business in the Commonwealth of Kentucky.

(b) As of the purported effective date of the dissolution, liquidation, disposition, consolidation or merger, the Borrower (at its cost) shall furnish to the Issuer, the Trustee and the Credit Provider (A) an opinion of Bond Counsel, in form and substance satisfactory to the Issuer, the Trustee and the Credit Provider, as to items (iv), (v) and (vi) above, and (B) an opinion of Independent Counsel, in form and substance satisfactory to the Issuer, the Trustee and the Credit Provider, as to the legal, valid and binding nature of the assumption described in item (ii) above.

Section 6.6. Financial Statements. The Borrower will maintain a standard system of accounting in accordance with generally accepted accounting principles and will furnish to the Trustee and the Issuer as soon as available, and in any event within 210 days after the close of each Fiscal Year of the Borrower, a copy of the audited financial statements as of the close of such Fiscal Year, and accompanying notes thereto, all in reasonable detail showing in comparative form the figures for the previous Fiscal Year, accompanied by an opinion thereon of a firm of independent public accountants of recognized national standing, selected by the Borrower and satisfactory to the Credit Provider (or, if there is no Credit Provider, not objected to by the Trustee), to the effect that the financial statements have been prepared in accordance with generally accepted accounting principles consistently applied and present fairly in accordance with generally accepted accounting principles the financial condition of the Borrower as of the close of such Fiscal Year and the results of operations for the fiscal year then ended and that an examination of such accounts in connection with such financial statements has been made in accordance with generally accepted auditing standards and, accordingly, such examination included such tests of the accounting records and such other auditing procedures as were considered necessary under the circumstances.

The Trustee shall be under no obligation to analyze or make any credit decision with respect to financial statements or reports received by the Trustee hereunder, but shall hold, and provide to Bondholders upon request, such financial statements or reports solely as a repository for the benefit of Bondholders.

The foregoing provisions notwithstanding, the Borrower is not obligated to keep its books of records and accounts in accordance with generally accepted accounting principles, and the financial report of the Borrower certified by independent public accountants required to be delivered pursuant to the previous paragraph may be qualified, if and to the extent that (a) a majority of cultural institutions of size and stature similar to those of the Borrower, as determined by the Borrower and agreed upon by the Trustee and the Issuer, prepare their financial statements with the same variance from generally accepted accounting principles as that of the Borrower, (b) the Borrower provides a report to the Issuer and the Trustee prepared by a nationally recognized firm of independent certified public accountants in detail satisfactory to the Trustee and the Issuer, demonstrating the variance from generally accepted accounting principles by such other cultural institutions, and (c) the Borrower does not furnish to any entity and does not keep financial statements prepared in a manner consistent with generally accepted accounting principles.

Without limiting the foregoing the Borrower will permit the Trustee and the Issuer (or such persons as the Trustee or the Issuer may designate) to visit and inspect, at the expense of the Trustee or the Issuer, any of the properties of the Borrower and to discuss the affairs, finances and accounts of the Borrower with its officers and independent public accountants, all upon reasonable prior written notice and at such reasonable times and as often as the Trustee may reasonably require.

Section 6.7. [Reserved].

Section 6.8. Recording and Maintenance of Liens.

(a) The Borrower will, at its own expense, take all necessary action to maintain and preserve the liens and security interest of the Indenture so long as any principal of, premium, if any, or interest on the Bonds remains unpaid.

(b) The Issuer shall have no responsibility for the preparation, filing or recording of any instrument, document or financing statement or for the maintenance of any security interest intended to be perfected thereby. The Issuer, at the request and upon the direction of the Borrower, will execute such instruments as may be necessary in connection with such filing or recording.

(End of Article VI)

ARTICLE VII.

ASSIGNMENTS AND AMENDMENTS

Section 7.1. Assignment by Issuer. The Issuer's rights under this Agreement and the Note (exclusive of Unassigned Rights), including the right to receive and enforce the payments to be made by the Borrower under this Agreement and the Note, have been assigned to the Trustee pursuant to the Indenture, and the Borrower hereby consents to such assignment.

Section 7.2. Transfer of Financed Properties. The Borrower hereby covenants and agrees not to sell, lease, transfer or otherwise dispose of the Financed Properties, or any part thereof, unless such sale, lease, transfer or other disposition complies with the provisions of the Tax Certificate.

Section 7.3. Amendment of Agreement. The Borrower and the Issuer shall not alter, modify or cancel, or agree or consent to alter, modify or cancel, this Agreement, except pursuant to and in accordance with Article X of the Indenture.

(End of Article VII)

ARTICLE VIII.

EVENTS OF DEFAULT AND REMEDIES

Section 8.1. Events of Default Defined. The following shall be “events of default” under this Agreement, and the terms “event of default” and “default” shall mean, whenever they are used in this Agreement, any of the following events:

(a) Failure by the Borrower to pay or cause to be paid pursuant to this Agreement any payment required to be paid or prepaid under Section 4.1, Section 4.2 or Article IX hereof, when and as the same becomes due and payable.

(b) Failure by the Borrower to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, other than as referred to in clause (a) of this Section; provided, however, that such failure shall not constitute an event of default until actual notice of such default by registered or certified mail shall be given to the Borrower by the Issuer, the Credit Provider, the Trustee or the Owners of not less than 25% in aggregate principal amount of all Bonds Outstanding and the Borrower shall have had 30 days after receipt of such notice to correct said default or to cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within such 30-day period, or, if the nature of the default is such that it cannot be cured within such 30-day period but can be cured within a longer event of default shall occur if the Borrower institutes corrective action within such 30-day period and diligently pursues such action until the default is corrected.

(c) The occurrence of an Act of Bankruptcy with respect to the Borrower.

(d) Receipt by the Trustee of written notice from the Credit Provider that a Default shall have occurred under and as defined in the Reimbursement Agreement and the Credit Provider is terminating the Credit Facility.

Section 8.2. Remedies on Default. Whenever any event of default referred to in Section 8.1 hereof shall have happened, but, with respect to clauses (a), (b) and (c) above, only with the written consent of the Credit Provider if the Credit Provider has not wrongfully dishonored a draft presented in strict conformity with the requirements of the Credit Facility, then:

(a) If the Bonds are accelerated pursuant to the Indenture, the principal of the Loan, together with all interest accrued thereon, shall become immediately due and payable upon delivery of the notice required by Section 7.02 of the Indenture.

(b) The Issuer or the Trustee may take whatever action at law or in equity may appear necessary or desirable to collect the payments due hereunder and thereafter to become due during the term of this Agreement, or enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Agreement.

(c) The Trustee on behalf of the Issuer may take any action permitted under the Indenture.

(d) The Issuer may take independent action to enforce the Unassigned Rights.

Any amounts collected pursuant to action taken under this Section shall be applied in accordance with the Indenture.

Section 8.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer or the Trustee is intended to be exclusive, and every such remedy shall be cumulative and in addition to every other remedy given under this Agreement or now or hereafter existing at law, in equity or by statute. No delay in exercising or omission to exercise any right or power accruing upon any default shall impair any such right or power, or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer to exercise any remedy reserved to it in this Article it shall not be necessary to give any notice, other than such notice as may be required in this Article or by law, but it shall be necessary to obtain the written consent of the Credit Provider if the Credit Provider has not wrongfully dishonored a draft presented in strict conformity with the requirements of the Credit Facility.

Section 8.4. Agreement to Pay Attorneys' Fees and Expenses. If the Borrower should default under any of the provisions hereof, and the Issuer, the Trustee, each Credit Provider, the Tender Agent or the Remarketing Agent should employ attorneys or incur other expenses for the collection of moneys or the enforcement of performance or observance of any obligation or defense of any litigation brought against the Trustee, the Credit Provider, the Issuer, the Tender Agent or the Remarketing Agent as a result of such default by the Borrower or agreement on the part of the Borrower herein contained, the Borrower agrees that it will on demand therefor pay to the Issuer, the Trustee, the Credit Provider, the Tender Agent or the Remarketing Agent the reasonable fees and expenses of such attorneys and such other reasonable expenses so incurred by the Issuer, the Trustee, the Credit Provider, the Tender Agent or the Remarketing Agent.

Section 8.5. Waivers; No Additional Waiver Implied by One Waiver.

(a) The Trustee may in its discretion, and with the prior written consent of the Credit Provider (if the Credit Provider has not failed to honor a properly presented and conforming drawing under the Credit Facility) shall, waive any event of default hereunder and its consequences, and shall do so upon the written request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding; provided that (i) no Event of Default then exists under the Indenture, and (ii) the Trustee may not waive any event of default hereunder unless there has been prior full reinstatement of amounts available to be drawn under the Credit Facility.

(b) If any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party (which waiver may only be given with the written consent of the Credit Provider if the Credit Provider has not failed to honor a properly presented and conforming drawing under the Credit Facility), such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 8.6. Trustee to Exercise Issuer's Rights. Certain of the Issuer's rights and remedies under this Agreement, except for the Unassigned Rights and the Issuer's continuing

rights to enforce them, including the rights and remedies given to the Issuer under this Article, have been assigned to the Trustee under the Indenture, to which assignment the Borrower hereby consents. Such rights and remedies may be exercised by the Trustee as provided in the Indenture.

(End of Article VIII)

ARTICLE IX.

PREPAYMENTS

Section 9.1. Option to Prepay in Whole or in Part During Daily Rate Period or Weekly Rate Period. During a Daily Rate Period or a Weekly Rate Period, the Borrower shall have, and is hereby granted, the option to prepay the amounts required to be paid by the Borrower under Section 4.1 hereof in whole or in part (without premium), and to direct the Trustee to redeem Bonds in whole or in part pursuant to Section 2.06 of the Indenture, on any date selected by the Borrower. To exercise the option granted in this Section, the Borrower shall, not less than 45 days next preceding the date on which redemption is to occur, give written notice to the Remarketing Agent, the Credit Provider and the Trustee of its intention to prepay such payments in whole or in part, and if in part shall specify therein the principal amount of Bonds to be redeemed on such date with the moneys received upon such prepayment. Upon the exercise of such option, the Borrower shall make arrangements satisfactory to the Trustee for the giving of the required notice of redemption of the Bonds. All prepayments shall assume that interest will be borne by the Bonds at the Maximum Rate for Interest Periods between the prepayment date and the redemption date, and the Borrower shall be entitled to a refund, on the redemption date, of any excess paid as a result of such assumption.

Section 9.2. Option to Prepay in Whole Upon Occurrence of Certain Events During Adjustable Rate Period or Fixed Rate Period. During an Adjustable Rate Period or the Fixed Rate Period, the Borrower shall have, and is hereby granted, the option to prepay in whole the payments required to be made under Section 4.1 hereof (without premium) in order to effect redemption of the Bonds pursuant to Section 2.07(a) of the Indenture, and to cancel or terminate this Agreement, if any of the following shall have occurred:

(a) the Project shall have been damaged or destroyed to such an extent that, in the judgment of the Borrower, (i) it cannot be reasonably restored within a period of three consecutive months following such damage or destruction to the condition thereof immediately preceding such damage or destruction, (ii) the Borrower is thereby prevented from carrying on its normal operations at the Project for a period of three or more consecutive months following such damage or destruction, or (iii) it would not be economically feasible for the Borrower to replace, repair, rebuild or restore the same; or

(b) title in and to, or the temporary use of, all or substantially all of the Project shall have been taken under the exercise of the power of eminent domain by any governmental authority, or person acting under governmental authority (including such a taking as, in the judgment of the Borrower, results in the Borrower being prevented thereby from carrying on its normal operations at the Project for a period of three or more consecutive months).

To exercise such option, the Borrower (after it becomes aware of such event) (a) shall, within 90 days following the event giving rise to the Borrower's desire to exercise such option, deliver to the Issuer, the Credit Provider, the Remarketing Agent and the Trustee a certificate, executed by the Authorized Borrower Representative, stating (i) the event giving rise to the exercise of such option, (ii) that the Borrower has elected to cause the Trustee to redeem all of the Bonds in accordance with the provisions of Section 2.07(a) of the Indenture, and (iii) the date upon which

such redemption is to occur, which date shall be at least 45 days after the date such notice is delivered; and (b) shall make arrangements satisfactory to the Trustee for the giving of the required notice of redemption.

The prepayment price to be paid to the Trustee by the Borrower should it exercise the option granted in this Section shall be the sum of the following:

(a) an amount of money which, when added to the amounts then on deposit in the Bond Fund, will be sufficient to pay and redeem all of the then Outstanding Bonds on the redemption date, including, without limitation, principal (without premium) plus accrued interest thereon to said redemption date, plus

(b) an amount of money equal to the Trustee's, the Tender Agent's, the Issuer's and the Remarketing Agent's fees and expenses under the Indenture accrued and to accrue until such final payment and redemption of the Bonds.

Section 9.3. Option to Prepay in Whole or in Part During Adjustable Rate Period or Fixed Rate Period. During an Adjustable Rate Period or the Fixed Rate Period, the Borrower shall have, and is hereby granted, the option to prepay the amounts required to be paid by the Borrower under Section 4.1 hereof in whole or in part, and to direct the Trustee to redeem Bonds in whole or in part pursuant to Section 2.07(b) of the Indenture, on any date selected by the Borrower on which the Bonds are subject to redemption. At such time as the Loan is subject to prepayment, the prepayment price shall be equal to that amount which is required to pay the principal of, premium, if any, and accrued interest to the redemption date of the portion of the then Outstanding Bonds to be redeemed.

To exercise the option granted in this Section, the Borrower shall, not less than 45 days next preceding the date on which redemption is to occur, give written notice to the Remarketing Agent, the Credit Provider and the Trustee of its intention to prepay such payments in whole or in part, and if in part shall specify therein the principal amount of Bonds to be redeemed on such date with the moneys received from such prepayment. Upon the exercise of any such option, the Borrower shall make arrangements satisfactory to the Trustee for the giving of the required notice of redemption of the Bonds.

Section 9.4. Miscellaneous Provisions Governing Prepayments.

(a) Should the Borrower have authority hereunder to select or determine the date on which a redemption of Bonds will occur as a result of a prepayment by the Borrower under this Article, the Borrower shall not select any redemption date earlier than the earliest redemption date for which the Trustee can comply with the notice provisions of the Indenture. All redemptions in part shall be in an amount which is an Authorized Denomination.

(b) By 12:00 noon, New York City time, on the Business Day immediately preceding the redemption date, the Borrower shall pay to the Trustee, for deposit in the Revenue Account or the Seasoned Funds Account, as appropriate, of the Bond Fund, the amount of the redemption price (including premium, if any) for the Bonds to be redeemed under the Indenture plus the accrued interest thereon to the redemption date, all such payments to be made in immediately available funds; provided, the payment of any premium with moneys not constituting either a

draw under a Credit Facility or Seasoned Funds, where a payment with Seasoned Funds is required by the terms hereof and of the Indenture, shall be made 123 days before such redemption date and no Act of Bankruptcy shall have occurred within such 123-day period.

The Borrower shall direct the Trustee to apply such amounts, to the extent the Credit Provider has not wrongfully dishonored a draft presented in strict conformity with the requirements of the Credit Facility, to reimburse the Credit Provider for amounts drawn under the Credit Facility to make such payments; otherwise, to apply such amounts to pay the principal of, premium, if any, and interest on the Bonds so as to assure timely payment to the Bondholders thereof on the date due. The Borrower hereby authorizes and directs the Trustee to draw moneys under the Credit Facility to pay the redemption price (including optional redemption premium, if any, if such a draw is permitted by the terms of the Credit Facility) of Bonds to be redeemed.

Notwithstanding anything in this Agreement to the contrary, if the Reimbursement Agreement otherwise sets forth applicable procedures governing the manner in which the Borrower is to reimburse the Credit Provider for amounts drawn under the Credit Facility, then any such procedures are incorporated herein by reference and shall be utilized prior to the reimbursement procedures set forth herein.

(c) The Borrower shall also pay, from funds other than moneys drawn under the Credit Facility, all expenses of redemption and the fees and expenses of the Issuer, the Trustee, the Remarketing Agent and the Tender Agent accrued and to accrue until such payment and redemption of the Bonds.

(End of Article IX)

ARTICLE X.

MISCELLANEOUS PROVISIONS

Section 10.1. Notices. Except as otherwise provided in this Agreement, all notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when personally delivered or mailed by certified mail, postage prepaid, or when sent by telecopy (receipt confirmed by telephone) or telegram, addressed as follows:

(i) If to the Issuer, at: Louisville/Jefferson County Metro Government
444 S. 5th Street, Suite 600
Louisville, Kentucky 40202
Attention: Director, Mayor's Office of
Economic Development

(ii) If to the Borrower, at: Spalding University, Inc.
845 South 3rd Street
Louisville, Kentucky 40203
Attention: President -

(iii) If to the Trustee, at: _____

Attention: Corporate Trust Department

(iv) If to the Credit Provider, at: JPMorgan Chase Bank, N.A.

Attention: International Department

With a copy to: JPMorgan Chase Bank, N.A.

Attention: Commercial Loan Department

(v) If to the Remarketing Agent, at: J.P. Morgan Securities Inc.
10 South Dearborn Street, 32nd Floor
Chase Tower, Mail Code IL1-0826
Chicago, Illinois 60670
Attention: _____
Telephone: (312) 732-8893
Telecopier: (312) 732-2400

J.P. Morgan Securities Inc.
Mail Code NY1-K928
270 Park Avenue – 6th Floor
New York, New York 10017
Attention: Short Term Trading Desk

Telephone: 212-_____
Facsimile: 212-_____

A duplicate copy of each notice given hereunder by either party hereto shall be given to the Trustee, the Tender Agent, the Credit Provider and the Remarketing Agent. If a Tender Agent is appointed under the Indenture, it shall notify the parties listed above of the address to which notices, certificates or other communications shall be sent. Any person or entity listed above may, by notice given hereunder, designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 10.2. Binding Effect. This Agreement shall inure to the benefit of the Borrower, the Trustee, the Credit Provider, the Tender Agent, the Remarketing Agent and the Issuer and their respective successors and assigns, and shall be binding upon the Borrower and the Issuer and their respective successors and assigns.

Section 10.3. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.4. Further Assurances and Corrective Instruments. The Borrower and the Issuer (but with respect to the Issuer, subject to the provisions of Section 6.3(f) hereof) agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Project or for carrying out the expressed intention of this Agreement.

Section 10.5. Execution in Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.6. Applicable Law. This Agreement shall be governed exclusively by and construed in accordance with the internal laws of the State applicable to contracts to be wholly performed therein.

Section 10.7. Authorized Borrower Representatives and Authorized Officers. Whenever under the provisions of this Agreement the approval of the Borrower or the Issuer is required, or the Borrower or the Issuer is required to take some action at the request of the other, such approval or such request shall be given for the Borrower by the Authorized Borrower Representative and for the Issuer by the Authorized Officer, and the parties hereto, the Trustee, the Credit Provider, the Tender Agent and the Remarketing Agent shall be authorized to rely upon any such approval or request.

Section 10.8. References to Tender Agent. References to the Tender Agent in this Agreement shall be of no force and effect unless and until a Tender Agent is appointed pursuant to Section 8.10 of the Indenture.

Section 10.9. Captions. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions of the Articles or Sections of this Agreement.

Section 10.10. Limited Obligation of Issuer. The obligations of the Issuer hereunder are special, limited obligations of the Issuer, payable solely out of the Trust Estate. The obligations of the Issuer hereunder shall not be deemed to constitute an indebtedness or an obligation of the Issuer, the State or any political subdivision thereof within the purview of any constitutional limitation or statutory provision, or a charge against the credit or general taxing powers, if any, of any of them. The Issuer has no taxing power.

Neither the Issuer nor any member, director, officer, employee, attorney or agent of the Issuer nor any person executing the Bonds shall be liable personally for the Bonds or be subject to any personal liability or accountability by reason of the issuance of the Bonds.

Section 10.11. No Recourse Against the Issuer.

(a) No recourse shall be had for the payment of the principal of, redemption premium, if any, and interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in the Bonds, the Indenture, this Loan Agreement or the Bond Purchase Agreement (or any other agreement entered into by the Issuer with respect thereto) against any past, present or future member, officer, director, attorney, agent or employee of the Issuer, or any incorporator, member, officer, employee, director, attorney, agent or trustee of any successor corporation, as such, either directly or through the Issuer or any successor corporation, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporator, member, officer, employee, director, attorney, agent or trustee as such is hereby expressly waived and released as a condition of and consideration for the execution of the Indenture or this Loan Agreement (and any other agreement entered into by the Issuer with respect thereto) and the issuance of the Bonds.

(b) It is recognized that the Issuer's only source of funds with which to carry out commitments with respect to this Agreement will be from the Trust Estate; and it is expressly agreed that the Issuer shall have no liability, obligation or responsibility hereunder except to the extent of the Trust Estate. If, for any reason, the proceeds from the sale of the Bonds are not sufficient to finance the Costs of the Project in full, the Borrower shall pay the balance of the funds necessary to complete the Project and shall not be entitled to reimbursement therefor.

Section 10.12. Indemnification of and Fees and Expenses of the Issuer and the Trustee. The covenants of the Borrower as to the indemnification of the Issuer and the Trustee as described in Section 6.3 hereof and the payment of fees and expenses of the Issuer and the Trustee as described in Section 4.4 and Section 8.4 hereof shall survive the termination of this Agreement and the resignation or removal of the Trustee.

Section 10.13. Indenture Provisions. The Indenture provisions concerning the Bonds and the other matters therein are an integral part of the terms and conditions of the Loan made by the Issuer to the Borrower pursuant to this Agreement and the execution of this Agreement shall

constitute conclusive evidence of approval of the Indenture by the Borrower to the extent it relates to the Borrower, such duty or obligation shall be binding upon the Borrower to the same extent as if the Borrower were an express party to the Indenture, and the Borrower hereby agrees to carry out and perform all of its obligations under the Indenture as fully as if the Borrower were a party to the Indenture.

Section 10.14. Default by Issuer-Limited Liability. Notwithstanding any provision or obligation to the contrary hereinbefore set forth, no provision of this Agreement shall be construed so as to give rise to a pecuniary liability of the Issuer or to give rise to a charge upon the general credit of the Issuer. The liability of the Issuer hereunder shall be limited to the Trust Estate. In the performance of the agreements of the Issuer herein contained, any obligation it may incur for the payment of money shall not be a debt of the Issuer, nor shall the Issuer be liable on any obligation so incurred. The Issuer does not assume general liability for the repayment of the Bonds or for the costs, fees, penalties, taxes, interest, omissions, charges, insurance or any other payments recited herein and shall be obligated to pay the same only out of the Trust Estate. The Issuer shall not be required to do any act whatsoever or exercise any diligence whatsoever to mitigate the damages to the Borrower if a default shall occur hereunder.

(End of Article X)

*SIGNATURE PAGE OF THE ISSUER
TO THE LOAN AGREEMENT*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their respective names by their respective duly authorized officers, all as of the day and year first above written.

LOUISVILLE/JEFFERSON COUNTY METRO
GOVERNMENT

By: _____
Mayor

Attest:

By: _____
Metro Council Clerk

APPROVED AS TO FORM AND LEGALITY:

Irv Maze
Jefferson County Attorney

By: _____
James T. Carey, Assistant County Attorney

*SIGNATURE PAGE OF THE BORROWER
TO THE LOAN AGREEMENT*

SPALDING UNIVERSITY, INC.

By: _____
Jo Ann Rooney, President

EXHIBIT A

PROJECT DESCRIPTION

Financing of all or a portion of the costs to (a) redeem and retire the outstanding City of Shively, Kentucky Variable Rate Demand Educational Revenue Bonds, Series 2003, (b) refinance the purchase of the Breckinridge Building and finance a portion of the costs of renovating, improving and equipping such building for use by the Borrower, (c) renovate, expand and improve existing structures or purchase equipment consistent with the Borrower's Campus Master Plan and (d) pay the costs of issuance of the Bonds, to meet the current needs of the Borrower, will be acting in a manner consistent with and in furtherance of the provisions of the Constitution and laws of the Commonwealth of Kentucky .

EXHIBIT B

FORM OF NOTE

SPALDING UNIVERSITY, INC.

SERIES 2008 NOTE

\$13,500,000

May ____, 2008

Spalding University, Inc., a Kentucky nonprofit corporation (the “Borrower”), for value received, promises to pay to _____, as trustee (the “Trustee”) under the Indenture hereinafter referred to, the principal sum of

THIRTEEN MILLION FIVE HUNDRED THOUSAND DOLLARS
(\$13,500,000)

and to pay interest on the unpaid balance of such principal sum from and after the date of this Note at the interest rate borne by the Bonds from time to time.

This Note has been executed and delivered by the Borrower pursuant to a certain Loan Agreement (the “Agreement”), dated as of May 1, 2008, between the Louisville/Jefferson County Metro Government (the “Issuer”) and the Borrower. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Agreement and the Indenture, as defined below.

Under the Agreement, the Issuer has loaned the Borrower the proceeds received from the sale of the \$13,500,000 aggregate principal amount of Louisville/Jefferson County Metro Government Variable Rate Demand Industrial Building Revenue Bonds, Series 2008 (Spalding University, Inc. Project), dated the date of their initial delivery (the “Bonds”), to be applied to the financing of a portion of the costs of the Project. The Borrower has agreed to repay such loan by making loan payments at the times and in the amounts set forth in this Note. The Bonds have been issued, concurrently with the execution and delivery of this Note, pursuant to, and are secured by, the Indenture of Trust, dated as of May 1, 2008, between the Issuer and the Trustee (the “Indenture”).

To provide funds to pay the principal, premium, if any, and interest on the Bonds as and when due, or to reimburse the Credit Provider for draws under the Credit Facility to make such payments, the Borrower hereby agrees to and shall make payments on this Note as follows: (i) by 12:00 noon, New York City time, on the Business Day next preceding each Interest Payment Date with respect to amounts due on the Bonds on such Interest Payment Date (other than by reason of redemption), (ii) by 12:00 noon, New York City time, on the Business Day next preceding the first Business Day of each month with respect to amounts accrued as interest on

Bonds in the Adjustable Rate Mode, (iii) five days prior to each Interest Payment Date with respect to Bonds in the Fixed Rate Mode; and (iv) by 12:00 noon, New York City time, on the acceleration date with respect to amounts due on the Bonds on an acceleration date.

The Borrower agrees to make prepayments to the Trustee in accordance with the Indenture. The Borrower directs the Trustee to apply such amounts, to the extent the Credit Provider has not failed to honor a properly presented and conforming drawing under the Credit Facility, to reimburse the Credit Provider and to make such reimbursement through the Credit Provider for amounts drawn under the Credit Facility to make such payments; otherwise, after immediately seeking to obtain payment from the Credit Provider by all available means (including, but not limited to, notice to the Credit Provider, the Borrower and the Remarketing Agent of the failure to receive timely payment), to pay the principal of, premium, if any, and interest on the Bonds secured by the Credit Facility so as to assure timely payment to the Bondholders thereof on the date due.

Notwithstanding anything in this Note to the contrary, if the Reimbursement Agreement otherwise sets forth applicable procedures pursuant to which the Borrower is to reimburse the Credit Provider for amounts drawn under the Credit Facility, then any such procedures are incorporated herein by reference and shall be utilized prior to the reimbursement procedures set forth above.

If payment or provision for payment in accordance with the Indenture is made in respect of the principal, premium, if any, and interest on the Bonds from moneys other than payments on this Note, this Note shall be deemed paid to the extent such payments or provision for payment of such principal, premium, if any, and interest has been made. The Borrower shall receive a credit against its obligation to make payments hereunder to the extent of the moneys delivered to the Trustee under and pursuant to the Credit Facility and any other amounts on deposit in the Bond Fund and available to pay principal, premium, if any, and interest on the Bonds pursuant to the Indenture. Subject to the foregoing, all payments on this Note shall be in the full amount required hereunder.

All payments on this Note shall be payable in lawful money of the United States of America and shall be made to the Trustee at its corporate trust office in _____, _____, for the account of the Issuer, deposited in the Bond Fund and used as provided in the Indenture.

The obligation of the Borrower to make the payments required hereunder shall be absolute and unconditional and the Borrower shall make such payments without abatement, diminution or deduction regardless of any cause or circumstances whatsoever including, without limitation, any defense, set-off, recoupment or counterclaim which the Borrower may have or assert against the Issuer, the Trustee, the Remarketing Agent, the Credit Provider or any other person.

The Bonds shall not be a general obligation or indebtedness of the Issuer, the Commonwealth or any agency or political subdivision thereof within the meaning of the Constitution and the laws of the Commonwealth but shall be payable solely from the loan

repayments to be made by or on behalf of the Borrower to Issuer pursuant to the Agreement and any security pledged therefor.

This Note is subject to optional, extraordinary optional and mandatory prepayment, in whole or in part upon the same terms and conditions, on the same dates and at the same prepayment prices, as the Bonds are subject to optional, extraordinary optional and mandatory redemption. Any optional, extraordinary optional and mandatory prepayment is also subject to satisfaction of any applicable notice, deposit or other requirements set forth in the Agreement or the Indenture.

Whenever an Event of Default under Section 7.01 of the Indenture shall have occurred and, as a result thereof, the principal of and any premium on all Bonds then outstanding, and interest accrued thereon, shall have been declared to be immediately due and payable pursuant to Section 7.02 of the Indenture, the unpaid principal amount of and any premium and accrued interest on this Note also shall be due and payable on the date on which the principal of and premium and interest on the Bonds have been declared due and payable; provided that the annulment of a declaration of acceleration of the Bonds shall also constitute an annulment of any corresponding declaration with respect to this Note.

IN WITNESS WHEREOF, the Borrower has signed this Note on May __, 2008.

SPALDING UNIVERSITY, INC.

By: _____
Jo Ann Rooney, President

EXHIBIT C

FORM OF REQUISITION

SERIES 2008 BONDS REQUISITION NO. _____

Attention: Corporate Trust Department

Ladies and Gentlemen:

This Requisition is submitted pursuant to the provisions of Section 3.3 of a Loan Agreement dated as of May 1, 2008 ("Agreement") by and between the Louisville/Jefferson County Metro Government ("Issuer") and the Spalding University, Inc., a Kentucky nonprofit corporation ("Borrower"). The terms used herein have the same meanings as when used in the Agreement, except where the context otherwise requires.

The Borrower hereby requests that on _____, the Trustee pay to the payee named in paragraph (b) below from funds held in the Construction Fund the amount specified in paragraph (c) below. In support of this request, the Borrower states as follow:

(a) (i) The payment has been properly incurred and is a proper charge against the Expense Account of the Construction Fund; or

(ii) The cost of the facilities to which the payment relates has been properly incurred and is a proper charge against the Construction Fund. The portion of the Project to which the payment relates consists of _____.

(b) The Payee is _____ whose address is _____, attention: _____.

(c) The amount requested to be paid is \$_____.

(d) Payment is to be made by [check] or [wire transfer]. [Payment by check shall be mailed or delivered to the Payee named above at the following address _____.] [Payment by wire transfer shall be made to Account No. _____ at _____ for the account of the Payee named above.]

(e) None of the items for which the payment is proposed to be made has formed the basis for any payment heretofore made from the Construction Fund.

(f) Each of the items for which the payment is proposed to be made is or was necessary or appropriate in connection with the Project.

(g) The moneys received pursuant to this Requisition will be used in compliance with the Tax Certificate and the Code and for the Cost of the Project.

(h) No event of default exists under the Indenture, the Reimbursement Agreement or the Agreement, and no condition, event or act which, with notice or the lapse of time, or both, would constitute or give rise to such an event of default exists.

(i) Copies of documentation supporting the payment requested pursuant to this Requisition are attached hereto.

In accordance with the provisions of the Agreement, the Borrower has caused this Requisition to be signed and verified on its behalf by its duly authorized representative this _____ day of _____, 200__.

SPALDING UNIVERSITY, INC.

By: _____
Authorized Borrower Representative

cc: Credit Provider

15195277.3